

**CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE
STATEMENT
WDA/18/10**

Recommendation

That:

1. Members note the findings of the Annual Corporate Governance Assessment;
2. the Annual Governance Statement be approved and signed by the Authority's representatives; and
3. the Authority approves the inclusion of the Annual Governance Statement in the Statement of Accounts 2009/10.

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Report of the Director

1. Purpose of the Report

- 1.1 To inform Members of the findings of the Annual Code of Corporate Governance Assessment and to approve the Annual Governance Statement for inclusion in the Statement of Accounts 2009/10.

2. Background

- 2.1 Members approved the current Code of Corporate Governance at a meeting of the Authority held on 18th April 2008. The Code of Corporate Governance is based on a framework recommended by CIPFA/SOLACE which defines standards of good corporate governance.
- 2.2 The Authority has established a Primary Assurance Group (PAG) which is responsible for the continuing assessment and review of the Authority's corporate governance arrangements in line with the above code. The group consists of the Monitoring Officer, Treasurer and Clerk, in consultation with the Assistant Director of Operations and the Director. A copy of the group's Terms of Reference is attached at Appendix 1.
- 2.3 The Primary Assurance Group has undertaken its annual assessment of internal control and governance arrangements for 2009/10, the findings of which are presented in this report.
- 2.4 On the basis of these findings, the Annual Governance Statement has been produced for 2009/10 for Members' approval and inclusion in the Statement of Accounts 2009/10.

3. Annual Assessment and Review

- 3.1 The Primary Assurance Group has undertaken its annual assessment of the Authority's corporate governance arrangements. The assessment is based on the CIPFA/SOLACE guidance introduced in 2007/08.

- 3.2 A similar assessment was carried out for 2008/09 and an improvement plan produced. A summary of the outcome of the previous year's plan is attached at Appendix 2 for Members' information.
- 3.3 This year's assessment has therefore been informed by that of the previous year. In particular, it reflects the areas for improvement which have been completed and which have strengthened the Authority's internal controls. The findings of the assessment are detailed at Appendix 3.
- 3.4 From this assessment, an improvement plan has been produced for the forward year. The plan summarises the areas for improvement where the Authority's arrangement can be strengthened and includes those actions carried forward from the previous year. A copy of the plan is attached at Appendix 4.
- 3.5 The key areas for improvement identified during the assessment include:
- Delivery of an Operational Review
 - Agreement of the Inter Authority Agreements by the Merseyside Waste Partnership
 - Review of the Joint Municipal Waste Management Strategy
 - Procurement of Service Level Agreement for support services
 - Establishment of a Stakeholder & Community Liaison Advisory Panel (WMRC Contract)

4. Quality Assurance

- 4.1 The Authority's Internal Auditors reviewed the assessment process for 2008/09 and made a number of recommendations which have informed the assessment process this year.
- 4.2 On the basis that the Internal Auditor found the existing arrangements to be sound, it has not been included in the Audit Plan for 2010/11. However, it has been agreed with the auditor that the arrangements should be kept under review at regular intervals and it is therefore anticipated that Corporate Governance will be included in the plan for the following year.

5. Statements of Assurance

- 5.1 As part of the annual assessment, the Primary Assurance Group require Statements of Assurance from key officers and organisations which are

responsible for maintaining robust internal control systems on which the Authority must rely in preparing its accounts.

5.2 The following statements have therefore been received and considered by the Primary Assurance Group:

- The Director of the Authority;
- St Helens MBC as provider of key services including finance and auditing;
- Mersey Waste Holdings Limited as an organisation included in the Authority's Group Accounts; and

5.3 Copies of the statements are available upon request.

5.4 Previously, a statement of assurance has also been received in relation Bidston Methane Limited. This is a joint venture company and was operated on the Authority's behalf by Novera Ltd. The operation has since been taken over by Infinis plc who, due to the timing of their own final accounts, have been unable to provide their statement in time for inclusion in the Authority's corporate governance assessment.

5.5 This issue has been considered by the Primary Assurance Group, who have concluded that, due to the diminishing return from the joint venture's operations over the years and the existing controls in relation to the management of the joint venture, the risk is not material to the Authority's governance.

5.6 The Primary Assurance Group will continue to monitor this outstanding item as part of its regular review of governance during the year and will report back to Members should any significant issues arise.

6. Annual Governance Statement

6.1 Regulation 4(3) of the Accounts and Audit Regulations 2003 requires authorities to prepare a statement of internal control in accordance with 'proper practices.'

6.2 The CIPFA/SOLACE Framework includes a supplement which defines proper practices for the form and content of a governance statement that meets the requirements of the above regulations.

- 6.3 The guidance states that ‘A good governance statement should be an open and honest assessment of the organisation’s performance across all of its activities, with a clear statement of the action being taken or required to address areas of concern.’
- 6.4 An Annual Governance Statement has been produced by the Primary Assurance Group on this basis and is attached at Appendix 5 and reflects that no significant governance issues have been identified.
- 6.5 Members are asked to approve the Annual Governance Statement and agree to it being signed by the Authority’s representatives as indicated.

7. Risk Implications

- 7.1 The review of corporate governance and internal control arrangements is a statutory requirement and failure to undertake an effective review may lead to weaknesses in the direction and control of the Authority’s functions.
- 7.2 The following has been identified to manage such risks:

Identified Risk	Likelihood Rating	Consequence Rating	Risk Value	Mitigation
Weaknesses in internal control mechanisms are not identified.	1	4	4	Annual Assessment
Failure to deliver continuous improvement.	2	3	6	Improvement Plan identified and monitored by Primary Assurance Group

8. HR Implications

- 8.1 There are no HR implications associated with this report

9. Environmental Implications

- 9.1 There are no environmental implications associated with this report.

10. Financial Implications

10.1 There are no financial implications associated with this report.

11. Conclusion

11.1 Members are asked to note the findings of the Annual Code of Corporate Governance Assessment and approve the Annual Governance Statement attached at Appendix 5 for inclusion within the Statement of Accounts 2009/10.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.